



Budget Briefs

SENATE REPUBLICAN FISCAL OFFICE

April Finance Letters: Budget Backsliding

April 9, 2003

Finance Letters Propose Additional General Fund Spending of \$261.4 million

The Department of Finance (DOF) traditionally proposes adjustments to the Governor's Budget in April and May. The May Revision reflects not only the last official revenue estimate for the budget year, but also the major expenditure changes in caseload and entitlement programs. This year, the May Revision will be issued on May 14. The April Finance letters, which are issued throughout the month of April, typically propose adjustments to departmental administrative budgets.

The table below shows that the Finance letters propose to **increase expenditures by \$261.4 million General Fund, and to increase personnel years by 298 employees**. Remarkably, many of these increases are justified in the accompanying Budget Change Proposals (BCP's) as necessary because positions and funds were inadvertently cut when the budget was prepared in the Fall of 2002. Thus, the erosion of the state's fiscal situation continues.

2003-04 "April 1st" Finance Letters (Dollars in Thousands)

<u>Dept</u>	<u>Description of Issue</u>	<u>PYs</u>	<u>2002-03</u>		<u>PYs</u>	<u>2003-04</u>	
			<u>GF \$</u>	<u>OF \$</u>		<u>GF \$</u>	<u>OF \$</u>
<u>Expenditure Issues</u>							
Judicial	Fresno courthouse			-\$17,559			\$17,559
Judicial	Santa Ana courthouse			-14,350			14,350
Judiciary	Trial Court Facilities Act of 2002 (SB 1732)				43.2		10,752
Judiciary	Trial Court Fiscal Accountability				3.3		349
Sec for Resources	Proposition 50 Statewide Coordination						-388
Sec for Resources	Extension of Liquidation Period--Coastal Grant Program (no additional expenditure impact)						

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LWDA	Technical Revision to Funding Support (no additional expenditure impact)						
OPR	Transfer Data Processing Position from Teale				7.6		
LT Governor	Technical Adjustment to Restore Positions in Jan. 10 Governor's Budget.				9.0		
Justice	California Witness Protection Program					\$3,000	
Justice	Santa Barbara Replacement Laboratory - Construction			-5,518			5,518
Justice	California Youth Authority Class Action Lawsuit					Language only	
Justice	DNA Testing Fund Spending Authority						315
Justice	Energy Litigation and Language				10.9	4,864	
Insurance	Technical Adjustment to Restore Positions in Jan. 10 Governor's Budget				12.0		
BOE	Continuation of Increased Tax Collection Activity (no additional expenditure impact)						
SOS	Safe at Home Program: AB 797 Expansion				0.9	75	14
SIB	Language - Add provisional language to revise loan repayment requirement					Language only	
CSFA	California School Finance Authority's (CSFA) administrative costs to implement the Charter School Facilities Program				2.0		531
DCA	Board of Architectural Examiners--Exam Contract Increase						115
DCA	Board of Psychology--Technical Adjustment			-122			-365
DCA	Board of Accountancy--CPA Exam Computerization						-999
DCA	Bureau of Automotive Repair--Smog Check II Field Office						508
FTB	Penalty and Interest Waiver Program				11.0	493	
General Services	Central Plant Renovation - APWC					Language only	
General Services	San Quentin Building 22, Modular Buildings, Structural Retrofit - Construction			-5,697			5,697
General Services	800 Capitol Mall, Sacramento, Structural Retrofit and Maintenance - Construction					Language only	
General Services	Fairview State Hospital, Structural Retrofit, Wards D, E, and F - Construction					Language only	

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General Services	Folsom State Prison, Represa, Structural Retrofit, Officers and Guards Buildings – Construction					Language only	
General Services	Deuel Vocational Institution, Tracy, Structural Retrofit, Wings L and R – Construction					Language only	
General Services	Correctional Training Facility, Soledad, Structural Retrofit, No. Facility Gym/ Vocational/Wing V – Construction					Language only	
General Services	Armory, Ventura, Structural Retrofit - Construction					Language only	
General Services	California Institute for Men, Chino, Structural Retrofit, Central Guidance Center A – Construction					Language only	
General Services	State Office Building, Santa Ana, Structural Retrofit - Construction					Language only	
General Services	California Men's Colony, San Luis Obispo, Structural Retrofit, Buildings B, D, L and Q - Working Drawings.					Language only	
General Services	Patton State Hospital - 30 Building, A-E: Structural Retrofit - Working Drawings					Language only	
General Services	Bonderson Building Renovation, Sacramento - Working Drawings and Construction			-1,158			1,158
General Services	Office Building 8 and 9 Renovation, 714 P Street, Sacramento - Working drawings and construction			-4,303			4,303
General Services	Office Building 10 Renovation, 721 Capitol Mall, Sacramento - Working drawings and construction			-1,094			1,094
General Services	Patton State Hospital - 30 Building, A-E: Structural Retrofit - Working Drawings						-730
DGS	Reappropriation of Seismic Grants (Language Item)			-2,391			2,391
DGS	Procurement Reform Training						1,500
DGS	Technical Adjustment for Positions (CS 31.60 funding taken twice)						1,147
SPB	Restoration of General Fund Reduction and Increased Reimbursements				21.1	825	895
ABC	Salary Savings Reduction						767
ABC	Office Space Costs						115
Corporations	Unbudgeted Rent Shortage						229

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HCD	Technical correction: Jobs-Housing appropriation for bond funds (Dollars already reflected at Governor's Budget)						(25,431)
HCD	HOME Program Augmentation				4.8		22,531
Caltrans	Extend limited-term positions for transportation permit double checking				7.7		448
Caltrans	Allocation of unallocated operating expense & equipment reductions						10,000
Caltrans	Allocation of unallocated position reduction (no additional expenditure impact)						
Caltrans	Reimbursement authority for Fastrak (fund shift--net zero cost)						
Caltrans	Transportation Finance Bank Match - State/Local match						-389
Caltrans	Bridge scour inspections--convert permanent positions to limited-term (no additional expenditure impact)						
Caltrans	Underground Storage Tanks Program realignment (no additional expenditure impact)						
DMV	Fullerton Office special repair						1,569
TDC	Transfer positions to Office of Planning and Research				-7.6		-910
TTCA	Augmentation for administrative support for Small Business Loan Guarantee Program and trailer bill				2.8		326
TTCA	San Francisco/Oakland Bay Bridge Contractor Surety program						75
TTCA	Tourism Commission fee assessment collection (trailer bill)					Trailer Bill	
Tahoe	SEZ/Watershed Restoration Projects						4,000
Conservation	Ca Farmland Conservancy Program- Prop 40						10,000
Conservation	Oil and Gas Tracking System						486
Conservation	Continued Funding for SMARA Program						471
Fish and Game	Proposition 50 Statewide Coordination				1.9		388
SCC	Public Access Program						1,700
SCC	Technical Correction to the Governor's Budget				3.0		
NAHC	Reverse Fund Shift in the 2003 Governor's Budget					341	-341
Parks	Stanford Mansion Operational Support				1.4	200	

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Parks and Rec	Leland Stanford Mansion - Rehabilitation of Mansion Grounds						986
Parks and Rec	Big Basin Redwoods - Wastewater Treatment Plant Improvements - Phase II						156
Parks	Sno-Park Law Enforcement Contract						50
SMMC	Fund Shift from ELPF to Proposition 50 (\$200k)						
SJRC	Technical Reduction to match Initial CO Proposal						-10,000
DWR	Flood Control Projects--Reappropriation					Language only	
DWR	Proposition 13--Yuba Feather Flood Protection Program						2,000
DWR	Prop. 204--Water Conservation and Groundwater Recharge Projects						1,018
DWR	Proposition 13 Bond Audit Costs						651
DWR	Prop. 204--Urban Stream Restoration Projects						290
DWR	Support Health Service's Drinking Water Quality Program--Prop. 50				1.9		175
DWR	Bond Funds--Extension of Liquidation Period and Reappropriations (no additional expenditure impact)						
CALFED	Drinking Water Quality- Prop 50 Technical Correction						-2,500
Air Resources	Provide Support for OEHHA					-1,000	
Pesticides	Backfill GF reductions with Mill Assessment Funding				1.9		3,331
Water Board	Provide Support for OEHHA					-110	-110
Toxics	Transfer Navy Military Base Oversight to Cost Recovery Program						-1,840
Toxics	CLEAN Appropriation for Oversight Costs						(424)
Toxics	Increase Board of Equalization Interagency Agreement						380
OEHHA	Alternative Fund Sources				31.3	1,110	2,413
HHSDC	Various Technical Adjustments						4,260
HHSDC	Employment Development Department EASE Project						2,461
HHSDC	SAWS - Interim Statewide Automated Welfare System (ISAWS) Consortium						906
OSHPD	Maintenance and Operations						
OSHPD	Family Physician Training Program Funding					4,502	-4,502

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OSHPD	Bateson Building Security Contract						225
CDA	Reduce Health Insurance Counseling and Advocacy Program (HICAP) - due to loss of federal grant funding						-560
CDA	Older Americans Act Program Funding						1,144
DADP	Increase in Federal Safe and Drug Free Communities and Schools Grant						1,680
DHS	California Poison Control System (CPCS)					6,900	-3,600
DHS	Restore Funding for Breast and Cervical Cancer Medi-Cal Positions					525	
DHS	Implement Quality Improvement Assessment Fees for Non-Public Managed Care Plans				2.8	97	99
DHS	Establish Positions to Support Proposition 50 Bond Act Program (Technical Adjustment) (Positions only)				14.7		(-545)
DHS	Richmond Laboratory Phase II - Reappropriate Construction						13,103
DHS	Develop an Electronic Death Registration System (EDRS)						2,025
DHS	Establish Lung and Asthma Research Pass-Through						183
DHS	Reinstatement of Childcare Preventive Health Analyst Position				(0.9)	-53	58
DHS	Reduce Funding for Enhanced Medi-Cal Estimate Redesign (EMBER)				-0.9	-144	-431
MRMIB	Backfill Reduced Tobacco Settlement Fund Securitization Revenues with General Fund					220,000	-220,000
MRMIB	Implement AB 495, Children's Health Initiative Matching Fund (CHIMF) Program						153,846
MRMIB	Implement Oral Health Demonstration Project with California Children and Families Commission Funding				0.9		2,857
DMH	Patton State Hospital - EB Building FLSEI + Admissions Suite Renovation – Seismic						13,451
DMH	Atascadero State Hospital - Multipurpose Building - Reappropriate W + C			-12,993			12,993
DMH	Metropolitan State Hospital - School Building - Reappropriate W + C			-6,657			6,657
DMH	Additional Federal Funding for Projects for Assistance in Transition from Homelessness Grant						256

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DMH	Napa State Hospital - BBL authorizing easement for services					Language only	
DCSS	Child Support State Administrative Hearings				2.4	687	1,334
DCSS	Franchise Tax Board Child Support Collection System						2,866
DSS	Continuation of Limited Term Positions to Process Increased Medi-Cal Workload				10.0	450	450
DSS	Continuation of Limited-Term Positions to Complete Additional Work under Tyler vs. Anderson Settlement				3.7	270	
DSS	Child Support State Administrative Hearings (Reimbursements)				15.6		1,815
DSS	Technical Correction: Shift Appropriation Authority for the State Children's Trust Fund (no additional expenditure impact)						
CDC	Education Reduction Revision					11,310	
CDC	Sick Leave Relief Factor Shortfall					4,809	
CDC	DNA On-going PC 296 Collection				20.5	1,735	
CDC	Private Branch Exchange Systems (Telecommunications) Upgrades					1,729	
CDC	Business Information System (BIS)				6.0	1,351	
Corrections	Deuel Vocational Institution-East Reception Center						10,831
Corrections	Minor Projects, Statewide, provisional language only for the CCI New Potable Water Source Project					Language only	
CDC	Inmate Medical Services (NCWF Telemedicine Reduction)				-1.1	-125	
BOC	Support Funding for Juvenile Justice Crime Prevention Act					Trailer Bill Language	
Youth Authority	Fred C. Nelles Youth Correctional Facility - Replace Taft Adjustment Center - Construction (includes provisional language)				-1,193		1,193
Youth Authority	Fred C. Nelles Youth Correctional Facility - Construct New Kitchen – Construction				-8,457		8,457
Youth Authority	Southern Youth CRC & Clinic – Specialized Counseling Program Beds - Working Drawings and Construction (includes provisional language)				-3,465		3,465
Youth Authority	Ventura Youth Correctional Facility – Special Education Assessment Center - Construction				-1,399		1,399

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SDE	State Special Schools Employee Compensation Adjustment					63	
SDE	Remove one-time funding provided for developing and distributing school curriculum on human rights & genocide, and performing a Title IX gender equity study. Provisional language for these one-time projects have been removed from the budget bill.					-275	
SDE	Increase Local Assistance authority for Federal Charter School Grant Program						8,369
SDE	Carryover Title VI Expenditure Authority for Student Identifiers (SB 1453) to Budget Year (BY)						6,000
SDE	Carryover NCLB Data Collection funding to BY						1,500
SDE	SDE requests \$188,000 in reimbursement authority for CY and BY environmental education. SDE has entered into Interagency Agreements (totaling \$188,000) with various state agencies to perform the service.						188
SDE	Restore one K-3 CSR position (but no dollars) related to Department's \$80,000 K-3 CSR savings proposal.				0.9		
SDE	Technical change of Federal Special Education funds from State Operations (SO) to Local Assistance (LA) (no additional expenditure impact)						
SDE	SDE requests a redirection in 2002-03 of \$40,000 in environmental education special funds from local assistance to state operations for administration, and the addition of similar provisional language authority in 2003-04.					Language only	
CSL	CSL requests that authorized funding from the California Teleconnect Fund for the telephonic reading services be continued.						40
CTC	Carryover of 2001-02 Teacher Credentials Fund appropriation for Teacher Credentialing Service Improvement Project						91
UC	UC Merced: Castle Facilities Improvements--Construction						1,167
CSU	California Maritime Academy - Acquisition						1,301

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CSU	CSU San Diego, Telecommunications Infrastructure			-11,248			11,248
CSU	CSU Monterey Bay, Telecommunications Infrastructure			-10,988			10,988
Com. Colleges	Los Angeles CCD: Los Angeles City College - Learning Resource Center						1,450
Com. Colleges	Mira Costa CCD: Mira Costa College – Creative Arts Building Replacement						793
Com. Colleges	Contra Costa CCD: Los Medanos College – Math, Science, Technology Building						476
Com. Colleges	Allan Hancock CCD: Allan Hancock College - Skills Center Replacement—P,W						386
Com. Colleges	Cerritos CCD: Cerritos College - Seismic Retrofit - Electronics -- W						58
Com. Colleges	Coast CCD: Golden West College – Structural Repair Campuswide						42
Com. Colleges	Coast CCD: Orange Coast College – Learning Resource Center						-265
Com. Colleges	Rancho Santiago CCD: Santa Ana College - PE Seismic Replacement/Expansion						-516
Com. Colleges	State Center CCD: Vocational Training Center - Vocational Training Center Modernization						-777
Com. Colleges	San Francisco CCD: Chinatown Center - Campus Building						-33,180
Com. Colleges	San Diego CCD: District Office, Seismic Retrofit District HQ			-3,503			3,503
Com. Colleges	San Diego CCD: District Office, Seismic Retrofit Dist Admin Bldg			-2,599			2,599
Com. Colleges	San Bernardino CCD: San Bernardino Valley College, Seismic Replacement of Campus Center			-1,653			1,653
Com. Colleges	Lake Tahoe CCD: Lake Tahoe Community College, Learning Resource Center			-214			214
Com. Colleges	San Francisco CCD: Chinatown Center, Campus Bldg, W/D			-1,185			1,185
Com. Colleges	Reversions to Higher Education Capital Outlay Bond Fund			-1,081			
CWIB	Technical Revision to Support of Labor Agency						65
DIR	Elevator Safety Workload				35.1		3,373

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DIR	Technical Revision to Support of Labor Agency						71
SAC	Update Student Expense & Resources Survey (SEARS)						289
CAC	Technical Adjustment to Local Asst Items in Jan. 10 Governor's Budget (special funds).						287
CAC	Technical Adjustment to Local Asst Items in Jan. 10 Governor's Budget (federal funds).						85
CDFA	Center for Analytical Chemistry				12.0		1,489
CDFA	Animal and Plant Emergency Response and Surveillance						510
CDFA	San Francisco County Trapping (shift funding from state operations to local assistance - no additional expenditure impact)						
PUC	Contracted Legal Services Related to the PG&E Bankruptcy Case						8,030
PUC	Reestablish Administrative Law Judge Division Support Positions				3.8		197
Military	Military Pay for State Active Duty Personnel					1,418	1,074
DVA	Veterans Home Fund Construction Team				1.9		165
Total, Expenditure Issues		0.0	\$0	\$118,827	298.4	\$265,047	\$167,248
Revenue Issue							
Corporations	Transfer to the General Fund					\$3,600	-\$3,600
Total, Revenue Issue		0.0	\$0	\$0	0.0	\$3,600	-\$3,600
GRAND TOTAL		0.0	\$0	-\$118,827	298.4	\$261,447	\$170,848

For more information, please contact Mike Genest, Director, at (916) 323-9221.